

# **EXHIBIT**

## **A**

**LEHMAN BROTHERS**

CHRISTINE THOMSON  
VICE PRESIDENT

April 2, 2008 *revised April 17, 2008*

Maximilian Coreth  
*By Hand*

Dear Max:

Congratulations on receiving your offer to join Lehman Brothers Inc. (the "Firm") as a Head of North America Gas and Power Trading in the Fixed Income Division, reporting initially to Satu Parikh. Your title of Managing Director will be submitted for official approval by the Board of Directors as part of the next quarterly approval process. We expect your employment to begin as soon as your notice obligations to your current employer permit.

For the performance year 2008 (your start date through November 30, 2008), your compensation will be as follows:

- An annualized base salary of \$200,000, payable in bi-weekly installments of \$7,692.31.
- A bonus in the amount of \$9,800,000, less applicable deductions, payable at the time the Firm pays its annual 2008 bonus distribution (in or about January 2009).

For the performance year 2009 (December 1, 2008 through November 30, 2009), your compensation will be as follows:

- An annualized base salary of \$200,000, payable in bi-weekly installments of \$7,692.31.
- A bonus in the amount of \$9,800,000, less applicable deductions, payable at the time the Firm pays its annual 2009 bonus distribution (in or about January 2010).

The foregoing base salary will be paid for all periods of your active employment with the Firm in performance years 2008 and 2009. The bonus amounts set forth above will be paid at the times and in the amounts stated except that such bonuses will not be payable if you have failed to obtain and/or maintain in good standing all applicable licenses and registrations or if, before the date of scheduled payment, you have resigned or have been terminated from the Firm for Cause. For the purposes of this offer letter, "Cause" means a termination of your employment by the Firm because of any of the following: (i) willful misconduct material to your employment, (ii) material breach of Firm policies or rules that previously have been made available to you by the Firm, (iii) dishonesty materially related to your employment, (iv) violation of laws or regulations material to your employment, or (iv) gross negligence or repeated or persistent failure to follow the Firm's reasonable directives following 30 days' notice of such failure and your failure to cure within such 30 days. The bonus amounts set forth above may be reduced in the event of an

approved leave of absence during the applicable performance year. In the event of your death or Disability (as defined in the LBHI Equity Award Program) before the payment in full of the guaranteed minimum bonuses for performance years 2008 and 2009, you or your estate will be paid on the applicable bonus payment dates any unpaid guaranteed minimum bonus for such years.

At the Firm's discretion, a portion of your 2008 and future years' total compensation (combined base salary, bonus, and other compensation) will be payable in conditional equity awards (restricted stock units, options, and/or other equity-based awards) pursuant to the Firm's Equity Award Program or in such other non-cash form as may be provided pursuant to other Firm-sponsored programs that may be established by the Firm from time to time and generally in effect for employees at your level. The terms and conditions of the Equity Award Program, including terms and conditions relating to vesting, exercisability, and forfeiture, or any other Firm sponsored program will be established by the Firm from time to time in its discretion. With respect to your compensation guarantee for performance year 2008 only, the deferral and delivery schedule for the portion of your total compensation payable in conditional equity awards shall be as set forth in the attached Equity Award Schedule. Note that your equity award will be calculated based on your corporate title effective in the 2008 performance year. With respect to your 2009 bonus guarantee, the applicable deferral and delivery schedules will be provided to you no later than December 31, 2008. Except as outlined above with respect to the deferral and delivery schedules, all other terms and conditions of your 2008 and 2009 equity awards (for example, vesting, discount, and termination provisions) will be the same as those generally applicable to employees at your level who receive a 2008 and 2009 equity award. For the avoidance of doubt, in the event your employment is terminated by the Firm without Cause before the payment in full of the guaranteed minimum bonus for performance years 2008 and 2009, you will be paid on the applicable bonus payment dates any unpaid guaranteed minimum bonus for such years, payable part in cash and part in conditional equity awards, and the disposition of the equity portion of such award shall be determined in accordance with the Equity Award Program as then in effect. In addition, based on information that you have provided, you are eligible for a service credit for purposes of "Full Career" treatment under the applicable terms of equity awards you may receive during your employment with the Firm, provided you remain employed with the Firm through the third anniversary of your start date. You will be required to complete a certification upon commencing employment to verify your eligibility for such service credit and the actual amount of service credit will be determined by the Firm following its review of your completed paperwork.

You have advised us that you will forfeit certain Morgan Stanley restricted stock and options as a result of your separation from Morgan Stanley and subsequent employment by our Firm (the "Forfeited Awards"). The Forfeited Awards may be unvested and vested Awards. Provided you fully comply with the documentation obligation set forth below no later than 60 days after your start date, the Firm will grant you Special Cash Awards and Special Restricted Stock Units Awards ("Special RSU Awards"), with an aggregate value equivalent to the value of the Forfeited Awards. The breakdown of the Forfeited Awards between Special Cash Awards and Special RSU Awards shall be in accordance with the following schedule:

Forfeited Awards	Lehman Award
All outstanding MS Options	Special Cash Award
95,998 MS Restricted Shares which would be deliverable on September 8, 2008	Special Cash Award
All other MS Forfeited Awards	Special RSU Awards

The valuation of the Forfeited Awards will be at LBHI's reasonable discretion, based on the average closing price of Morgan Stanley common stock for the five trading days immediately preceding your first day of employment. It is your obligation to provide the Firm with documentation reasonably deemed necessary by the Firm to verify and evaluate the Forfeited Awards and to structure the Special RSU and Special Cash awards. Notwithstanding any other provision of this paragraph, the award of Special RSU Awards is subject to final approval by the Compensation Committee of the Board of Directors of Lehman Brothers Holdings Inc. ("LBHI") or its appropriate designee. The Firm has discretion to replace the Special RSUs with additional Special Cash Awards (on substantially similar terms as described above), and will do so in the event the Special RSU Award is not approved by the Board or its designee.

The Special Cash Awards set forth above will be paid on or about September 8, 2008, in accordance with the Firm's customary payroll practices, and will be subject to applicable payroll and income tax withholding and other applicable deductions. In the event your employment with the Firm ends for any reason other than death, Disability (as defined in the LBHI Equity Award Program), or a termination by the Firm without Cause (as defined above) before the Special Cash Award payment date(s), you will not receive any Special Cash Awards, or any portion thereof, otherwise payable thereafter. If your employment is terminated by the Firm without Cause, any Special Cash Awards not paid at the time of separation will be paid on the regularly scheduled payment date, provided that you execute a Firm-standard release agreement, in accordance with then applicable Firm policy, and provided further that, through such payment date, you have not engaged in Detrimental Activity (as defined in the LBHI Equity Award Program). In the event of your death or Disability, any Special Cash Awards not paid as of the date of such death or Disability will continue to be paid to you or your estate no later than the regularly scheduled payment dates. The Special Cash Awards described in this paragraph will not be considered part of your total compensation for purposes of the Firm's Equity Award Program.

LBHI's Special RSU Award will be made as of your first day of employment with the Firm and will be based on the closing price of LBHI common stock on the New York Stock Exchange on that day. LBHI will make reasonable efforts to establish schedules for vesting and/or sales restrictions of your Special RSUs upon continued employment which are consistent with the corresponding schedules of the Forfeited Awards. Our current administrative practice is to set vesting (and/or share delivery) dates for the Special RSUs on the 15th of the month in which the related Forfeited Awards would have converted to freely tradable shares (or, in the case of options, become exercisable). In the event your employment with the Firm ends for any reason other than death, Disability (as defined in the LBHI Equity Award Program), or a termination by the Firm without Cause (as defined above), you will forfeit any Special RSUs that are not vested at the time of separation. If your employment is terminated by the Firm without Cause, any Special RSUs that are not vested at the time of separation will continue to vest and deliver on the regularly scheduled vesting dates, provided that you execute a Firm-standard release agreement,

in accordance with then applicable Firm policy, and provided further that, through such vesting/delivery dates, you have not engaged in Detrimental Activity (as defined in the LBHI Equity Award Program). In the event of your death or Disability, your Special RSUs will vest in accordance with the terms of the LBHI Equity Award Program. Except as provided under this paragraph with respect to (x) pricing of the special RSUs, (y) schedules for vesting and/or sales restrictions of your Special RSUs upon continued employment and (z) forfeiture of your unvested Special RSUs upon separation from the Firm's employment, the terms of the LBHI Equity Award Program will govern your award of Special RSUs. For purposes of this letter, "LBHI Equity Award Program" refers to the award agreement for employees having your corporate title under LBHI's 2007 Equity Award Program.

All compensation payments described in this letter will be paid in accordance with our customary payroll practices, and will be subject to applicable payroll and income tax withholding and other applicable deductions. Your compensation for all periods after performance year 2009 will be determined at the Firm's discretion.

While the foregoing compensation commitments will be honored on the terms outlined above, this letter is not a contract of continuing employment. Your employment by the Firm is for no fixed term, and either you or the Firm may terminate the employment relationship at any time for any reason, subject to any applicable notice requirement. Currently, the Firm's notice policy requires officers of the Firm to provide 30 days' advance written notice of resignation, and provides for 30 days' advance notice by the Firm to its officers in the event of an involuntary termination under certain circumstances. In making this offer of employment, the Firm has relied on your representations (a) that you are not subject to any duty or obligation that would prevent you from becoming employed with us on your start date or that would in any way prevent you from performing the duties of your position, and (b) that you are not subject to any non-competition, non-solicitation or other restrictive covenant that might affect your employment by the Firm as contemplated by this letter. The Firm acknowledges that you have advised us of your obligation to provide a 90-day notice period to your current employer as well as certain restrictions with respect to proprietary information about Morgan Stanley and its customers and with respect to your solicitation of customers and employees of Morgan Stanley. The Firm has agreed that your compliance with these restrictions shall not prevent you from receiving any of the compensation promised to you herein.

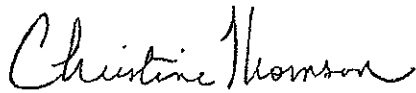
Please understand that the terms and conditions of your employment by our Firm are governed by standard Firm policies. Among other things, this means that this offer of employment is conditional upon the successful completion of a background investigation, including reference, credit, criminal and other checks, as well as on your satisfactorily meeting all pre-employment requirements, including producing documentation to verify your identity and eligibility to work in the United States. This also means that you must have and maintain in good standing all applicable licenses and registrations. Shortly, you will receive a memo indicating how to schedule pre-employment and complete any necessary paperwork. During pre-employment you will receive information regarding the Firm's policies and benefits in which you are eligible to participate. If you have any questions, please contact Christine Thomson at 212-526-2714.

[PLEASE SEE SIGNATURES ON FOLLING PAGE]

You understand that this letter represents the complete agreement between you and the Firm with respect to your compensation and other matters addressed in this letter, and that this letter replaces any prior written or oral agreements or understandings.

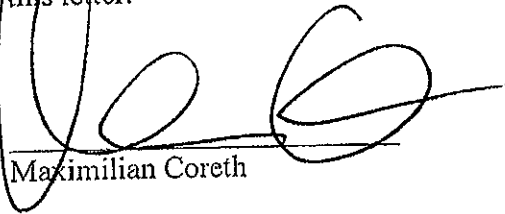
Max, we are enthusiastic and pleased that you are going to be a part of our organization. Please confirm your agreement to the above by signing a copy of this letter in the space provided below, and returning it to Kimmy Gardner in the enclosed envelope. An additional copy of this letter is enclosed for your files. Please contact me at 212-526-2714 if you have any additional questions or concerns.

Sincerely,



Christine Thomson  
Vice President  
Fixed Income Human Resources

I agree to and accept the terms described in this letter and further affirm that it is my intention to commence my employment on the start date described in this letter. I acknowledge that no representations were made to induce execution of this letter which are not expressly contained in this letter.

  
Maximilian Coreth

04/18/08  
Date

# LEHMAN BROTHERS

## 2008 EQUITY AWARD SCHEDULE FOR MAXIMILIAN CORETH

Total Compensation Range	AMOUNT OF TOTAL COMPENSATION ("TC") IN EQUITY-BASED AWARDS		
	<i>Employees Through Vice President Level</i>	<i>Senior Vice Presidents</i>	<i>Managing Directors</i>
\$0 - \$74,999	1.15% of 2008 TC	2.3% of 2008 TC	2.3% of 2008 TC
\$75,000 - \$99,999	2.3% of 2008 TC	2.3% of 2008 TC	2.3% of 2008 TC
\$100,000 - \$199,999	\$2,300 plus 6.9% of 2008 TC over \$100,000	\$2,300 plus 6.9% of 2008 TC over \$100,000	\$2,300 plus 6.9% of 2008 TC over \$100,000
\$200,000 - \$299,999	\$9,200 plus 11.5% of 2008 TC over \$200,000	\$9,200 plus 11.5% of 2008 TC over \$200,000	\$9,200 plus 11.5% of 2008 TC over \$200,000
\$300,000 - \$499,999	\$20,700 plus 17.25% of 2008 TC over \$300,000	\$34,500 plus 18.687% of 2008 TC over \$300,000	\$34,500 plus 18.687% of 2008 TC over \$300,000
\$500,000 - \$749,999	\$55,200 plus 23% of 2008 TC over \$500,000	\$71,875 plus 23% of 2008 TC over \$500,000	\$71,875 plus 23% of 2008 TC over \$500,000
\$750,000 - \$999,999	\$112,700 plus 28.75% of 2008 TC over \$750,000	\$129,375 plus 40.25% of 2008 TC over \$750,000	\$129,375 plus 40.25% of 2008 TC over \$750,000
\$1,000,000 - \$1,499,999	\$192,600 plus 36% of 2008 TC over \$1.0 million	\$240,000 plus 42% of 2008 TC over \$1.0 million	\$240,000 plus 52.8% of 2008 TC over \$1.0 million
\$1,500,000 - \$1,999,999	\$372,600 plus 42% of 2008 TC over \$1.5 million	\$450,000 plus 54% of 2008 TC over \$1.5 million	\$504,000 plus 67.2% of 2008 TC over \$1.5 million
\$2,000,000 - \$2,499,999	\$582,600 plus 48% of 2008 TC over \$2.0 million	\$720,000 plus 66% of 2008 TC over \$2.0 million	\$840,000 plus 72% of 2008 TC over \$2.0 million
\$2,500,000 and up	\$822,600 plus 54% of 2008 TC over \$2.5 million up to a max of 36% of 2008 TC	42% of 2008 TC	\$1,200,000 plus 75% of 2008 TC over \$2.5 million to a max of 50% of 2008 TC

**Delivery Schedule:** The vested portion of your conditional equity-based awards will convert to shares of Lehman Brothers Holdings Inc. common stock and will be delivered to you on November 30, 2011, subject to the terms and conditions of the 2008 Equity Award Program.

**Other Terms:** Except as provided above with respect to the deferral and delivery schedules, the terms and conditions of the 2008 Equity Award Program, including terms relating to vesting, will be determined by the Firm at year-end, and set forth in an award agreement that will be finalized in the first quarter of fiscal year 2009.